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Risk management encompasses far more than an insurance program alone. The basic elements consist of--(1) elimination or reduction of exposure to loss, (2) protection from exposure to loss, (3) assumption of risk loss, and (4) transfer of risk to a professional carrier. This survey serves as a means of evaluating the methods of application of these four basic factors and in particular as they apply to the Clay County situation. The degree of expectancy of loss depends upon many factors. Some risks can be assumed by the owner but others are of such magnitude that insurance must be carried. These include school buildings, boilers, and machinery. Information relative to safety of particular buildings is included along with a comprehensive analysis of the County Board's existing insurance program. The survey also includes a number of recommendations for organization of a risk program, and for various types of insurance policies. An appendix contains an insurance guide for school boards as well as list of policies for the establishment and maintenance for a risk management program. (NI)

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A SURVEY Report of RISK MANAGEMENT

JUNE, 1967

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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STATE DEPARTMENT OF EDUCATION
Tallahassee, Florida

FLOYD T. CHRISTIAN, Superintendent

CLAY COUNTY

RISK MANAGEMENT SURVEY

CLAY COUNTY

Survey Staff

N. E. Viles	Chairman; Administrator, School Plant Management and Insurance, State Department of Education, Tallahassee, Florida
Sam Burnette	Supervisor Warehousing, Property Control and Insurance Management, Duval County Board of Public Instruction, Jacksonville, Florida
Donald C. Birch	Insurance Supervisor, Pinellas County Board of Public Instruction, Clearwater, Florida

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CHAPTER I

SURVEY PURPOSES AND PROCEDURES

Risk management, as it relates to school systems, is an administrative function of some complexity and one of great importance because of the involvement of safety to pupils and safety of the tax payers' investments. Statutory responsibilities are established in some areas of risk management, however, many considerations are left to the discretion of the school board and the administrative staff.

To the uninitiated, risk management implies only the development and maintenance of a program of insurance. It should be understood that risk management encompasses much more than an insurance program and that it more closely approaches the moral and statutory responsibilities of the board and administrative staff for safety of life and property.

While there are many refinements and variations, the basic elements of risk management consists of:

1. The elimination or reduction of the exposure to loss.
2. Protection from the exposure to loss.
3. The assumption of the risk of loss.
4. The transfer of the risk of loss to a professional risk carrier.

The risk management survey serves as a means of evaluating the methods of application of these four basic factors.

Organized as a systematic study of existing exposure to loss and protective measures needed in Clay County, this survey report analyzes data collected by the survey staff. These data are concerned with exposures to loss and the methods employed in eliminating, reducing, protecting, assuming or transferring these risks.

In organizing for this survey, a staff was chosen to include persons who have had experience in the particular phases of school risk management as well as being acquainted with the overall problems in the school administration.

Three school plants were visited to provide a sampling of any hazardous conditions and the protective features

provided. The sampling included one of the older plants, one of average age, and one of the newer school centers.

In addition to the visit to the schools, each team member was assigned the task of studying selected facets of the overall risk management program. The results of these efforts are compiled in the narrative portions of this survey report.

Conclusions and recommendations given in this report represent the considered judgment of the survey staff. These were arrived at on a basis of discussions after careful evaluation of existing conditions in the county in terms of recognized standards for good risk management practices.

CHAPTER II

RISK ANALYSIS

A potential loss is created by mere ownership or possession of real or personal property. The degree of expectancy of loss depends upon numerous factors such as susceptibility to hazards, the number of like units exposed to loss, the protection that is afforded from loss, etc. Some property is not particularly subject to loss or damage, therefore, the risk of loss can be readily assumed by the owner or possessor. Such property would be land, foundations below ground, excavations, etc.

Other risks of loss to property frequently assumed are those of high frequency, but minor in nature. Typical of these are glass breakage which is excluded under the vandalism coverage and minor wind damage which is assumed under a deductible for windstorm.

On the other hand, there are risks of loss of such magnitude that it becomes impractical to self insure or assume. Florida Statute 230.23 (9) (d) recognized this type of risk in imposing the responsibility upon the school board to carry insurance on certain school buildings, contents, boilers and machinery, and other property.

In addition to the direct loss by damage or destruction of real or personal property, another potential loss is created by the liability for damage or destruction of property of others or for personal or bodily injury of third parties. Such losses can arise from ownership of property, activities on or off such premises either of business or personal nature, operation of vehicles, etc. The risk of loss resulting from liability for bodily injury or damage to property of others lends itself to elimination or reduction, protection, assumption or transfer as does direct loss. It should be recognized, however, that the maximum potential cost of direct loss to property can be pre-determined from the value of the item of property, whereas the amount of loss due to damage of property of others or bodily injury of third parties is exceedingly difficult, if not impossible, to forecast.

In order to obtain information relative to any hazardous conditions existing in school plants and the protection provided for these conditions, the survey staff toured several buildings of the Clay County School System. These buildings were selected to represent older construction, average age construction and recent construction. During these inspections, conditions were noted which created exposures to injury or loss of life as well as property.

The following list of deficient conditions in school plants found by the survey staff do not appear here in the order of priority of seriousness. Since the safety of pupils is the primary responsibility of the school authorities, first consideration should be given to those conditions creating a hazard to pupil safety.

Green Cove Springs Elementary

1. Empty electric sockets were exposed to pupil access on auditorium stage. Cover for footlights is non-existent.

2. Several exit doors are not equipped with panic-lock hardware.

3. Provisions for sounding alarm of fire is not approved. An improvised method of school bell system is utilized and can only be actuated in the principal's office.

4. Improper use was noted of extension or portable cords.

5. Electrical conduit couplings lack proper covers.

6. Electrical service entrance was excessively low, allowing pupil access.

7. Custodial areas revealed poor housekeeping practices, also that combustible material is not kept in metal containers.

8. There is no fire detection device in gas range vent hood or duct, where accumulation of grease will gather.

9. Gas fuel booster - heater on dish washer was unvented.

10. Fire extinguishers are not readily accessible. In most locations, they were placed excessively high.

11. Emergency evacuation plans are not formulated in accordance with State Board of Education Regulation 130-2.40.

Charles E. Bennett Elementary

1. Fire alarm system is inoperative.

2. Draperies being utilized on cafetorium stage were not flameproof.

3. There is an excessive amount of combustible material on cafetorium stage. The cleaning practices backstage need attention.

4. An approved non-skid flooring material is needed in such critical areas as serving line, in front of gas ranges and around dish washer, etc.

5. Emergency evacuation plans are not formulated in accordance with State Board of Education Regulation 130-2.40.

Orange Park High School

1. A gasoline powered lawn mower is stored in the boiler room.

2. The oil burner is apparently improperly adjusted, in that there is evidence of "blowbacks" around the doors to the firebox. The condition of the lower front panel of the firebox exterior would indicate excessive heat or inadequate insulation in this area.

3. Service and storage areas contained combustible materials not in approved metal cans, with self-closing covers or lids.

4. Fire extinguishers were last inspected April 8, 1965.

5. Emergency evacuation plans were not formulated in accordance with State Board of Education Regulation 130-2.40.

CHAPTER III

ANALYSIS OF EXISTING INSURANCE

Florida Statute 230.23 Powers and duties of county board. --The county board acting as a board shall exercise all powers and perform all duties listed below:

(9) SCHOOL PLANT.--Approve plans for locating, planning, constructing, sanitating, insuring, maintaining, protecting, and condemning school property as prescribed in Chapter 235, and as follows:

(d) Insurance of school property.--Carry insurance on every school building, in all school plants including contents, boilers and machinery, except buildings of three classrooms or less which are of frame construction and located in a tenth class public protection zone as defined by the Florida inspection and rating bureau; and on all school buses and other property under the control of the county board or title to which is vested in the county board, except as exceptions may be authorized under regulations of the state board.

In consideration of the premium at which each policy shall be written, it shall be a part of the policy contract between the county and the named insured that the company shall not be entitled to the benefit of the defense of governmental immunity for the insured by reason of exercising a governmental function on any suit brought against the insured. Immunity of the *county board against* liability damages is waived to the extent of liability insurance carried by the county board. Provided, however, no attempt shall be made in the trial of any action against a county board of public instruction to suggest the existence of any insurance which covers in whole or in part any judgment or award which may be rendered in favor of the plaintiff, and if a verdict rendered by the jury exceeds the limit of the applicable insurance, the court shall reduce the amount of said judgment or award to a sum equal to the applicable limit set forth in the policy.

Florida Statute 234.03 Liability insurance.--Liability insurance shall be carried on school buses and may be carried on other motor vehicles as provided below:

(1) LIABILITY INSURANCE REQUIRED TO PROTECT PUPILS TRANSPORTED.--County boards are required to secure and keep

in force, in companies duly authorized to do business in Florida, insurance covering liability for damages on account of bodily injury, or death resulting therefrom, to pupils legally enrolled in the public schools, by reason of the ownership, maintenance, operation, or use of school buses and other vehicles while said pupils are being transported to or from a school or school activity. Such liability insurance shall be carried in the sum of ten thousand dollars for bodily injury, or death resulting therefrom, to any one pupil and shall, for any one accident, be limited to five thousand dollars multiplied by the rated seating capacity of the bus or vehicle as determined by regulations of the state board of education.

(2) OTHER LIABILITY INSURANCE PERMITTED.--County boards of public instruction are hereby permitted in their discretion to secure and keep in force:

(a) Insurance covering liability for damages on account of bodily injury, or death resulting therefrom, to persons, other than pupils legally enrolled in the public schools, by reason of the ownership, maintenance, operation, or use of school buses. If such bodily injury liability insurance is provided, it shall be carried in the sum of ten thousand dollars for bodily injury, or death resulting therefrom, to any one person and shall, for any one accident, be limited to five thousand dollars multiplied by the rated seating capacity of the bus as determined by regulations of the state board of education.

(b) Insurance covering liability for damage on account of bodily injury to pupils and other persons by reason of the ownership, maintenance, operation, or use of vehicles other than those used for transportation of pupils, or if such vehicles are other than school owned, to require owners of such vehicles to show evidence of the existence of adequate insurance during the time that such vehicles are in the service of the county board of public instruction. If such bodily injury liability insurance is provided, it shall be carried in the sum of not less than ten thousand dollars for bodily injury, or death resulting therefrom, to any one person and shall be for any one accident not less than twenty thousand dollars.

(c) Medical payments insurance on school buses and other vehicles. If medical payments insurance is provided, it shall be carried in the sum of not less

than five hundred dollars per person.

(d) Insurance covering liability for damage to property of others on all vehicles by reason of ownership, maintenance, operation, or use, or if other than school owned to require owners of such vehicles to show ample evidence of the existence of adequate insurance during the time that such vehicles are in the service of the county board of public instruction. If such property damage liability insurance is provided, it shall be carried in the sum of not less than five thousand dollars for any one accident.

(3) PREMIUM PAYMENT AUTHORIZED.--The premiums for such insurance shall be paid from the county current school fund, the district current school fund, or the state fund apportioned to the county for transportation.

(4) WAIVER OF IMMUNITY.--In consideration of the premium at which each policy shall be written it shall be a part of the policy contract between the county and the named insured that the company shall not be entitled to the benefit of the defense of governmental immunity for the insured by reason of exercising a governmental function on any suit brought against the insured. Immunity of the county board against liability damages is waived to the extent of liability insurance carried by the county board. Provided, however, no attempt shall be made in the trial of any action against a county board of public instruction to suggest the existence of any insurance which covers in whole or in part any judgment or award which may be rendered in favor of the plaintiff, and if a verdict rendered by the jury exceeds the limit of the applicable insurance, the court shall reduce the amount of said judgment or award to a sum equal to the applicable limit set forth in the policy.

(5) PENALTY.--The members of any county board which owns or operates a school bus or other vehicle used for the transportation of pupils without complying with the provisions of this section shall for such failure be subject to removal from office, and any person owning or operating a school bus or other vehicle used for the transportation of pupils as set forth in this section and failing to comply with its provisions shall be deemed guilty of a misdemeanor.

Florida Statute 237.31 Bonds required for school officials.--Each and every official or other person who is responsible in

any manner for handling or expending school funds or property shall be adequately bonded at all times. The officials who are to be bonded and the provisions for bonding such officials shall be as follows:

(1) COUNTY SUPERINTENDENT.--Before assuming office, being commissioned, or assuming responsibility for any school funds, property or records, the county superintendent shall execute with a surety company authorized to do business in Florida a bond conditioned upon the faithful performance of the duties of his office, including accounting for and turning over to the proper authority all school funds or properties over which he has supervision. The amount of the bond shall be determined in the same manner as the total bond for the chairman of the county board is determined as prescribed in subsection (2) below, except the bond of the county superintendent in each county shall be one thousand dollars in excess of the bond of the chairman of the county board.

(2) MEMBERS, CHAIRMAN AND VICE-CHAIRMAN OF THE COUNTY BOARD.--Each and every member of the county board of the several counties in the state, elected or appointed to such office, before he is commissioned or assumes office, shall be required to execute a sufficient bond with a surety company authorized to do business in Florida, the bond to be conditioned upon the faithful performance of the duties of his office, including the proper safeguarding of all funds for which the county board has supervision. The bond shall be in the amount of two thousand dollars for each member of the county board. The chairman and vice-chairman of the board shall be required to give bond in the additional amount of one thousand dollars in counties in which the annual revenue receipts for school purposes during the year preceding his election as chairman and vice-chairman were more than one hundred thousand dollars and were less than two hundred thousand dollars, and the bond for the chairman and vice-chairman shall be increased an additional one thousand dollars for each additional one hundred thousand dollars or fraction thereof of receipts in the county; provided, that the maximum additional amount for which bond shall be required of the chairman and vice-chairman of the county board of any county shall be eight thousand dollars.

(3) SCHOOL EMPLOYEES.--It shall be the responsibility of the county board to provide for the bonding of any school employee who is responsible for school moneys

or property. The amount of the bond (individual, schedule or blanket) shall be prescribed by the county board of the county in which the person is employed. The bond may be with a surety company authorized to do business in Florida, or with two good and sufficient sureties.

(4) SCHOOL CONTRACTORS.--All contractors paid from school funds shall give bond for the faithful performance of their contracts in such amount and for such purposes as prescribed by law or by regulations of the county board or of the state board relating to the type of contract involved; provided, that it shall be the duty of the county board to require from every contractor a bond adequate to protect the school and school funds involved.

(5) PREMIUM ON BONDS.--The premium on the bond of each and every county school official and of any employee of the county board shall be paid out of the county current school funds of the county; provided, that premiums for bonds of employees in district schools may be paid from the district current school fund or other funds.

(6) FILING BONDS.--All bonds required of school officials under this section shall be filed with the secretary of state in the amount certified by the state superintendent. All bonds required of school employees shall be approved by the county superintendent under regulations of the county board and shall be filed with the county board. Bonds of school officials or school employees shall not be required to be approved by the county commissioners.

The above statutes establish certain responsibilities for boards of public instruction with respect to mandatory insurance protection, as well as defining some of the permissive insurance coverages. The following analyses deals with the manner in which the Clay County Board of Public Instruction has transferred these certain risks of loss rather than to assume them.

Buildings and Contents

Clay County Board of Public Instruction buildings and contents are insured for fire, extended coverage, and vandalism and malicious mischief under the Public and Institutional Property policy form. There are several different policy forms available for insuring school property, but experience has shown the Public and Institutional Property policy form to be

in wider acceptance than many of the other forms. The rating for this policy form provides a material reduction in the insurance rate, although it does require that insurance be carried to 90% of the insurable value of buildings and contents.

It was well to note that you have one policy covering insurance on your buildings and contents. This practice has been found to reduce the amount of record keeping and potential confusion that can result from multi-policy practices.

Your insurance policies do not carry other than the conventional deductibles for windstorm, hail, and vandalism. Many county school systems have found that where the loss frequency is low they can afford to assume the risk of greater deductibles. The amount of this deductible will vary from county to county, and in some instances will run as high as $50,000, although the usual deductible will be less than $5,000. It has been said that a deductible should be considered when the premium savings will amortize the amount of the deductible in three years or less. This, of course, anticipates a very low frequency of loss.

The companies now writing your insurance, write at standard or manual rates. Manual rates are those established by the application of a rating schedule by the Florida Inspection and Rating Bureau. The rating laws of Florida indicate that a company writing fire insurance must file rating schedules of its own or subscribe to a local rate making organization. The Florida Inspection and Rating Bureau is the local rate making organization. However, a company may file with the Insurance Commissioner a request for deviations from these bureau or manual rates. If the company can statistically substantiate their claims, they may be granted a deviation from the bureau rate.

Insurable Values of Physical Plants

One of the basic considerations in establishing an insurance program on the physical facilities of a school system is the matter of determining realistic amounts of insurance. To achieve this, it is first necessary to decide whether the insurance will be purchased on actual cash value (contemplating an element of depreciation) or replacement cost which contemplates no depreciation.

Many insurance men feel that the use of square foot building costs is an easy and relatively accurate approach to determine the overall replacement cost of a building. This method appeals to most school people, in that these costs are usually readily available. In use, the estimated square foot cost is multiplied by the total square feet in the building to produce the overall replacement cost.

The typical fire insurance policy enumerates various building features that are not insured. These usually include foundations below ground, excavations, piping below ground, etc., and are called "uninsurables." The value of the uninsurables are estimated (normally in the vicinity of the 10% of the replacement cost) and are deducted from the overall replacement cost to produce insurable replacement cost. To compute the actual cash value of the building, the insurable replacement cost is reduced by the estimated amount of depreciation.

Since the basis of these computations is the overall replacement cost, it follows that any change in this cost will affect both the insurable replacement cost as well as the actual cash value. It is generally recognized that the costs of building materials and labor have had noticeable increases in recent years, therefore, insurable replacements costs and actual cash values will be similarly affected. In order to remain realistic, it is necessary to revise insurable replacement costs and actual cash values in accordance with the trends of building construction costs.

The values reported on your 1966 Statement of Values to the Florida Inspection and Rating Bureau were assumed to be realistic. However, the survey staff applied several methods of cost computations to some of the buildings to demonstrate that failure to bring these values to current levels has resulted in both over and under insurance. Under insuring presents the possibility of a penalty being imposed under the terms of the coinsurance agreement contained in the contract of insurance. Over insurance presents the possibility of expending premium dollars for potentially uncollectable insurance. The results of the survey staff building value computations are shown in Table I.

The need for compensating for fluctuations in building costs is equally great when other than the square foot cost method is employed in determining building values.

Where original building costs are known, all extraneous or uninsurable costs are deleted from the contract price. These costs may sometimes include land clearing, site development, grading, etc., which have no insurable value as far as the buildings are concerned. The remainder is further reduced by the"uninsurables" mentioned above to produce the insurable replacement cost. From this figure any applicable depreciation is removed to determine actual cash value. There is generally available, a cost of building index which can be applied to the original insurable replacement cost to bring this cost current.

Table I

Building	1962 and 1967 Indicated Insurable Values	Estimated 1967 Current Values	Estimated Increase / Decrease in Values	1962 and 1967 Amount of Insurance 90% Company	Recommended Amount of Insurance (90% of Current Values)	Recommended Increase / Decrease in Amount of Insurance
Green Cove Springs Elementary	259,300.00	232,728.00	*26,572.00*	233,370.00	209,456.00	*23,914.00*
Charles Bennett Elementary	351,000.00	424,230.00	73,230.00	315,900.00	381,807.00	65,907.00
Orange Park Junior-Senior High	1,146,221.00	982,435.00	*163,786.00*	1,031,599.00	884,192.00	*147,407.00*

Although buildings usually represent the larger portion of values at risk in a school system, frequently contents values will be surprisingly high. This is particularly true in libraries, shop areas, etc. For many years, the ten percent rule of thumb proved adequate. With this rule, it was assumed that contents values were approximately ten percent of the building values. This was based on the ability to furnish an average classroom for less than ten percent of the cost of the classroom; whereas,contents, shops, cafeterias, libraries, etc., would exceed the ten percent sufficiently to balance the deficit in classrooms.

With the increase in the use of audio-visual equipment, teaching aids, etc., the ten percent rule is losing its validity. The widespread use of federal funds for teaching materials has tended to further the inaccuracy of the ten percent rule. A review of property records usually will provide a practical basis for determining contents values.

Buildings and Contents Insurance Rate Applications

Buildings and contents insurance rates generally represent the cost of each $100.00 of insurance. These rates represents an average cost for insuring all buildings of a particular type of construction and occupancy, and are modified for a particular building depending upon the causative or contributory factors of fire found in or around that particular building. The causative factor being conditions that start fires and the contributory factors are those that tend to support combustion once the fire has started. Causative factors consist of such things as improperly installed heating devices, improperly installed electrical service, hazardous processes in occupancy, etc. Contributory factors are extensive amounts of combustibles, poor housekeeping, wood frame building construction, etc.

The Public and Institutional Property form is generally written on an average rate applying to all buildings and contents being insured. An average rate is computed based upon the application of each building's rate to its indicated value. This indicated value is obtained from the annual statement of values that you compile and file through your insurance agent.

With this method of computing an average rate, the insertion of high rated buildings into a statement of values can force the rate upward for the entire group of buildings. In view of this, it is advisable to explore the ways and means of reducing the insurance rate for each building through the correction of any penalties that may appear in your fire insurance rate and to explore any credits that may be available for the installation

of fire protective devices such as alarm systems, fire extinguishers, etc. Several counties require their insurance carriers to provide a complete analysis of the buildings and contents insurance rates and to inform the board of credits that are available and the approximate cost of accomplishing these credits in comparison with the amount of insurance premium that will be saved.

In checking the application of the rating schedule to your existing buildings, the survey team found that the rate application appeared to be proper and, in some instances, in your favor. There appeared to be some hazards that had not been contemplated in the rating structure. Therefore, you may not want to disturb your average rate until such conditions have been protected or eliminated.

The survey staff reviewed the loss record of Clay County from 1940 through 1966. The basis for review came from the County Superintendent's Annual Financial Report to the State Department of Education. The following figures represent the premium paid in relation to the recovered losses for the twenty-six year period.

Loss Record

Year Reported	Premiums	Losses
1940-41	1,222.68	-0-
1941-42	1,163.03	165.39
1942-43	1,152.93	700.00
1943-44	1,406.47	-0-
1944-45	1,567.50	-0-
1945-46	615.93	1,300.00
1946-47	1,248.90	-0-
1947-48	1,786.72	-0-
1948-49	4,246.99	-0-
1949-50	2,962.79	-0-
1950-51	2,039.33	-0-
1951-52	3,107.10	150.00
1952-53	8,361.35	-0-
1953-54	7,206.32	78.00
1954-55	4,994.44	-0-
1955-56	5,518.64	-0-
1956-57	4,919.09	-0-
1957-58	5,661.91	-0-
1958-59	6,047.78	-0-
1959-60	6,105.73	-0-
1960-61	5,492.45	-0-
1961-62	10,383.09	-0-
1962-63	11,945.55	-0-
1963-64	1,255.86	-0-
1964-65	-0-	1,694.91
1965-66	-0-	31,000.00
	100,412.58	35,088.30

The losses recovered appear to represent only 34.94% of the premiums paid.

The relationship between premiums paid and losses sustained indicate that Clay County has enjoyed an exceptional good loss record. This good experience causes the survey staff to reflect back on the previous discussion dealing with using deductibles and the insured assuming a degree of risk on its own.

Boiler and Machinery Insurance

Florida Statute 230.23 (9) (d) requires that school boards insure boilers and machinery in the county school system. This statute does not stipulate what equipment is to be insured, and it is felt that this leaves the items to be insured to the discretion of the individual school boards. Many school boards determine the objects to be insured based upon the relative hazard presented by the objects. Most of them feel that fired pressure vessels, hydropneumatic tanks, steam kettles, expansion tanks, and certain classes of air conditioning equipment presents sufficient hazard and, insure them. The individual net premium of each object of insurance gives a fairly accurate measure of the relative hazard to loss.

In the case of fired pressure vessels, there are two possible causes of explosion. The first is the explosion of unburned fuel gases in the firebox. This is known as furnace explosion. Puffs or small blow-backs in oil fired furnaces are minor furnace explosions, however, these can be of such magnitude as to completely destroy a building. This particular hazard can be insured in one of two ways. It can be covered under a furnace explosion endorsement to the boiler and machinery policy, or it can be covered under the extended coverage endorsement of a buildings and contents fire and extended coverage policy. In the latter method, the liability for injury to third parties or their property is not covered, however. Both bodily injury and third party property damage are covered under the boiler explosion policy.

The second exposure to explosion of a fired pressure vessel is the explosion of the pressure vessel itself. This is true boiler explosion and is covered under the boiler and machinery policy. This type of explosion is not covered by the extended coverage endorsement to a fire policy.

Exposure to loss from boilers and machinery is closely related to the extent of usage of these items. In spite of this, the boiler insurance premium is the same for objects in the Northern part of the country, as well as for a similar object in South Florida. A number of insurance companies, however,

have recognized this difference in exposure to loss due to geographical location and will apply what is termed "seasonal credits" to heating devices. Generally these companies will require that an agreement be signed whereby the insured agrees to keep these objects out of service for at least a total of three months per year, and in turn, the cost of insurance is reduced up to 40%. This lay-up will usually pose little or no problem in view of the school summer vacations.

A great portion of the boiler and machinery insurance premium is used by the insuror to provide engineering services to insureds. The type and scope of this service, however, is left to the discretion of the insurance company. Many people in risk management feel that it is advisable to stipulate the type and extent of engineering services that will be required. In many cases, they will require that the insurance company make two inspections of each insured object per year with one inspection being made while the device is in operation, in order to check the safety devices, valves, etc. The other inspection is to be made while the device is out of operation, in order that a thorough internal inspection can be made. Some risk management people go even further in requiring that the boiler and machinery insurance carrier provide a brief clinic for all custodial personnel involved in firing heating boilers in the schools. The purpose of this clinic is to acquaint the custodians in the recognition of danger symptoms, as well as more efficient methods of firing these heating devices.

Clay County has entered into a package program bringing together boiler and machinery with fire and extended coverage. In general the concept of packaging sets forth uniform rating credits that may result in total savings in premium expenditures. The survey staff was unable to determine a uniform credit reflection and noted an increase in the boiler and machinery premium.

It was further noted that the schedule of object locations is not consistant with existing locations. Annual review of the schedule would enable removal of non-existant or de-activated locations which would result in actual insurance coverage for operative units only.

In accordance with the usual bodily injury and third party property damage coverage afforded by boiler and machinery policies, it was noted that your existing policy makes this available for boiler explosion but no such indication is evident for furnace explosion.

Floater Policies

Both buildings and their contents are generally considered as being stationary and not subject to much, if any, movement. These are insured under a form of policy that contemplates this stability; however, there are certain items of property that are subject to being transported from one school to another or to various locations and, therefore, they are subject to the perils of transportation. Such insurance protection is provided under the inland marine type of coverages. These are often referred to as floater policies. Generally speaking, the inland marine policies are written on two forms. One is an "all risk" basis in which the objects of insurance are covered for all perils with the exception of specific exclusions enumerated in the policy. The other insuring clause used in inland marine coverages is known as "specified perils" in which the perils insured are specifically cited.

The Clay County band instruments are insured on an all risk basis and the band uniforms are insured on a specified peril basis. These two types of insuring agreements carry different rates, and are applied for each $100.00 of insurance.

In reviewing the insurance coverage afforded the Clay County band instruments and uniforms, it was noted that there apparently was duplicate coverages on $1,967.00 of musical instruments from May 15, 1966, to May 15, 1967, and a possible duplication of an additional $3,084.91 from June 1, 1966, to May 15, 1967. Lack of adequate identification clouds the latter possible duplication. The duplication results from separate policies being written by two agents. It also appears that the two policies have been written at different rates.

There are two additional floater policies, one of which has a penciled note on the jacket "Photographic Equipment" and the other with a similar notation "Business Machines." Neither of these policies indicate the property insured but refer to a "schedule on file" with the insurance company.

Both of these policies are on a specified peril basis and include perils common to fire and extended coverage, plus theft and transportation. In the written portion of these policies, the peril of flood is included, however, in the printed portion of the policy the peril of flood is specifically excluded.

The rates for "Photographic Equipment" are $1.65 per $100.00 of values and for "Business Machines", $1.00 per $100.00 at value. Since the fire and lightning, extended coverage and vandalism and malicious mischief rates for contents is .217 per $100.00 of insurance, it appears that the cost of insuring theft and transportation for each $100.00 of values is

approximately $1.43 for "Photographic Equipment" and $.78 for "Business Machines."

Vehicle Insurance

Florida Statute 234.03 establishes the responsibility for bodily injury liability insurance for pupils and makes permissive several other coverages. This statute also establishes the limits of liability for pupil transportation equipment with the exception of employers non-ownership and the hired car coverage which is required where parents are reimbursed in lieu of transportation.

Since the above mentioned statute requires the board to purchase bodily injury liability insurance for legally enrolled pupils being transported to a school or school activity in a school bus or other vehicle or by reason of ownership, maintenance, operation or use of such vehicle, it is necessary to insure bodily injury liability where parents are being reimbursed in lieu of transportation in that the school board is, in effect, using the parents' car. The same holds true where teachers transport pupils to or from a school or school activity and employers non-ownership liability is needed. In neither case does this insurance accrue to the benefit of the owner of the vehicle, but it protects liability of the board. Most boards continue to carry $10,000.00 per person bodily injury for the hired car coverage and set the upper limits in accordance with the rules for school buses. Seldom is property damage carried on hired vehicles. The same limits are applied with respect to employers non-ownership coverage which provides bodily injury protection for pupils riding with the teachers or other school board employees.

One coverage that is automatically added to an automobile policy unless it is specifically rejected, is that of "uninsured motorist." This coverage is designed to act as a liability insurance for a third party who may be at fault and causes an accident. In view of our extremely liberal guest statute as it respects school children where simple or contributory negligence is all that is required for recovery under the school board liability policy, the value of the uninsured motorist endorsement is questionable.

A vehicle policy containing a fleet automatic endorsement is considered to be good insuring practice for boards of public instruction, in that it provides for an audit of the vehicles insured at the end of the policy period. With this audit, the premium can be computed on the actual period of usage and provides for stopping the premium of any vehicle taken out of service and for beginning the premium on any vehicle put into

service. This automatically provides coverage on newly acquired vehicles.

Many county school boards do not carry collision insurance on their pupil transportation fleet. It is their feeling that collision, since it involves usually one vehicle at a time, does not represent a catastrophic blow to their transportation system. They also feel that they can assume the exposure to loss or damage of one unit more economically than they can provide the collision insurance.

Frequently, school buses are stored in a concentrated area, particularly during vacation periods, and as a result, fire or wind can pose a catastrophic hazard. As a result, many county boards will insure their pupil transportation fleet for fire, wind, and theft, and assume other direct physical damage losses on a self-insured basis.

Where driver education cars are loaned by automobile dealers, the type and amounts of insurance will usually be stipulated in the loan agreement. If the driver education cars are school owned the same limits of liability as provided for other vehicles are usually carried.

Employee Fidelity Bonds

Florida Statute 230.23 (10) (h) and Florida Statute 237.31 (3) indicates that all school board employees responsible for monies or properties shall be bonded. Although no bond was available for review, it is understood that a blanket position bond has been provided.

The blanket position bond which is indicated to be in the amount of $25,000.00 per employee offers a number of advantages. If two or more employees are in collusion causing a loss, the face amount of the bond applies to each of the employees in such collusion. Where excess indemnity has been provided on certain positons exposed to larger sums of money, the blanket position bond applies to the position regardless of who was acting in the position at the time of the loss.

Although this type of bond does not require the school board to notify the bonding company each time a new employee is acquired, many school boards feel that completion of a bond application by each new employee is well worth while. It is felt that this provides a psychological advantage in notifying the employee that he is being bonded and this may act as a deterrent to dishonest acts in the future. Occasionally, there will be an applicant who does not wish his past exposed, and he realizes that the bonding company may uncover any past misdeeds.

The application, therefore, acts as additional screening of these employees.

Many county school systems feel that the average employee can be bonded for the base amount of a blanket position bond or $2500.00. Where this is done, certain positions which are exposed to larger sums of money are bonded in larger amounts. These positionsgenerally consist of cafeteria managers, principals, finance officers, purchasing agents, etc. This excess indemnity can be added to the blanket position bond.

Personnel Insurance
Workmen's Compensation Insurance

The coverage afforded under a workmen's compensation policy is statutory and, therefore, quite uniform. Although the workmen's compensation laws specifically exclude elected officials, the Attorney General has held that these elected officials can avail themselves of the insurance protection, should they so desire. This desire is indicated by an elected officials endorsement attached to the workmen's compensation policy. Many boards have availed themselves of this insurance feeling that they are subject to injury in the discharge of their official duties, such as traveling, inspection of sites, inspection of new construction, etc. Your policy contains an elected officials endorsement which provides coverages for the superintendent and board members.

The level of premium for workmen's compensation insurance is very responsive to the effectiveness of loss prevention programs. The rates which are applied against each $100.00 of payroll are based upon the average loss expectancy of that particular occupational classification for the entire state. In a school system which has a loss experience worse than the average, a debit rate is applied, which produces a penalty for poor experience. On the other hand, if the loss experience in a county school system is better than the state average, this is recognized by a credit in the experience modification. It follows, therefore, that in the selection of a workmen's compensation insurance carrier, one of the basic considerations should be the loss prevention program and services that will be provided by the insurance carrier.

It appears that the effectiveness of the loss prevention services provided by your workmen's compensation insurance carrier has fluctuated. Experience modification factors for the past five years reveals the following:

Policy Year Beginning	Experience Modification
January 1, 1963	1.05
January 1, 1964	.94
January 1, 1965	1.08
January 1, 1966	.97
January 1, 1967	1.55

The experience modification of 1.55 for the present year increases the standard estimated premium from $6,864.00 to $10,639.00 or a penalty of $3,775.00 for this policy year. This is an emphatic indication of lack of effectiveness of the loss prevention program. It is interesting to note, based upon a compilation of first reports of injury available to the survey staff, that during the year of 1966, ten first reports of injury emanated from the teaching whereas only two have been reported to date in 1967. In the "All Other Employees" occupational classification the 1966 data revealed thirteen reports as opposed to eleven reports to date in 1967.

The rating manual for workmen's compensation insurance provides that the rate shall be applied against each $100.00 of payroll per week, per employee. Any excess shall be disregarded. In view of this, it is desirable to reduce the reported payroll for each employee to $100.00 per week for the period of time worked.

Employee Hospitalization Insurance

Provision has been made by the Board of Public Instruction to make available several selections from which employees may purchase hospitalization, surgical and extended benefit coverage.

The survey staff reviewed the provisions of coverage afforded by Blue Cross and Blue Shield of Florida and the Protective Life Insurance Company of Birmingham, Alabama. Blue Cross has hospitalization, surgical and extended benefits within its contract. Protective Live provides hospitaliztion, surgical, term life and accidental death and dismemberment coverages. Professional Life of Jacksonville, Florida, has a contract in force covering hospitalization, however, no descriptive information was available for the survey staff to review the included coverages.

Additional employee insurance is provided in the form of Income Protection which is underwritten by the Washington National Insurance Company of Evanston, Illinois. This policy provides a monthly benefit to the enrolled employee in accord with a level selected by the employee from a schedule.

A cancer policy is provided by the American Family Life Insurance Company. The survey staff was unable to review the provisions of this contract because descriptive information was not available.

While hospital and surgical benefits provided by these contracts are relatively standard, the cost of these benefits vary from one community to another and as a result, the premium rate is adjusted accordingly. The lack of judicious use of hospitalization and surgical care by the contract holder has been found, however, to have the greatest effect on premium levels. It is noted that the contract of insurance contains an anti-duplication clause designed to prevent profiteering through the use of several group contracts of similar insurance and it is understood that limited enrollment is invoked to prevent adverse selection of risk by preventing employees from enrolling only when faced with hospitalization or surgery.

Many subscribers to hospitalization and surgical insurance have found, particularly where there is employer premium contribution, that measures encouraging judicious use of this insurance facility are not only desirable, but sometimes necessary to prevent an abuse which results in prohibitive premium levels. The control measures take various forms such as a deductible to each hospital entry. While this does act as a deterrent to frequent use of the facility, it possibly does encourage longer stays in the hospital. On the other hand, reduced benefits does not impose on the insured the total amount of the deductible for a short confinement, yet it discourages malingering in the hospital, inasmuch as the contribution by the insured continues through the confinement. This type of contribution by the insured is found in many of the major medical insurance plans.

Methods of Insurance Purchasing

Generally there are three basic problems confronting school boards in providing an adequate program of insurance for their school system. The first of these is the determination of exposures to loss. The second problem is determining the most appropriate method of providing protection for these exposures, and the third is finding methods of procuring the best protection at the lowest cost.

The first two problems are discussed elsewhere in this report, and the following will provide some comments for consideration regarding methods of procuring an insurance protection program.

Since the Florida Attorney General in his Opinion 058-325 has indicated that insurance is not to be considered a commodity; therefore, is not subject to the bidding requirements of Florida Statute 237.02 the school boards are given more latitude in their methods of purchasing insurance. There are four general ways in which school boards purchase insurance. They are as follows:

1. Negotiated Purchasing--As implied by its name, this method involves discussion with an insurance agent or agents with respect to the hazards involved, the potential loss, the best type of policy for protection and the cost. Proponents of negotiated purchasing claim that this method is superior in that it permits tailoring of the protection to fit the needs. It is also said to create a personal interest in the agent inasmuch as he is responsible for advising the board.

   On the other hand, it is said that this method of purchasing tends to eliminate competition and its resulting economy is lost. Other critics claim that the tailoring is limited to coverage offered by the companies represented by the agent, and as a result does not provide an adequate overview of the entire market that is available.

2. Local Agents Association--Here the entire insurance program or parts of the program are placed in the hands of an association or possibly a committee of local insurance agents who review the insurance needs and satisfy these needs through offerings of their respective companies. Under this arrangement the commission is frequently split among member agents of the association.

   Proponents feel this relieves the board from pressures and that this method of purchasing offers a broad scope of the market and it has been said that it also affords the board the benefit of thinking of the best insurance experts available.

   Critics state that relief from political pressures is relief from members of the association only, and that the scope of the market is limited to the companies represented by members of the association. It is also pointed out that there are some extremely capable insurance agents who are not members of local associations.

3. Formal Bidding--This method appears to be gaining favor among school boards. Those who favor this

method of purchasing point out that it offers all agents an equal opportunity and as a result it relieves the board of political pressures and public criticisms. They also state that it permits the board to buy the coverage they desire as well as designate the type and amount of service required.

Critics state the drawing adequate specifications is, at best, difficult and that the low bid may not be the best coverage. They also point up the need of advice from the insurance industry. In this method, the board stipulates in its specifications the coverage desired, the amount of insurance, the service desired, claim facilities required, etc. The award is usually made to the lowest bid meeting specifications.

4. Surveying the Insurance Market--While this method of purchasing closely resembles formal bidding, there are some distinct differences. Rather than issuing an invitation for formal bids, interested agents are requested to submit proposals and quotations. The specifications provided by the board are basic and are to be considered minimum. Nowhere in the request does the term "bid" appear and there is no statement relative to awarding the insurance. The submissions by the agents are not as confined by the specifications as is the case in formal bidding.

Proponents of this method of purchasing indicate that here not only is a broad review of the available market obtained, but it permits flexibility and use of imagination on the part of the agent. Other advantages are similar to formal biddings; and in addition, since no award committment is involved, the board is in a position to accept any of the proposals or quotations which appears to best fit their particular needs.

Critics point out that such proposals or quotations can only be adequately evaluated by persons knowledgeable in insurance. However, such evaluation service on an unbiased basis is available through local insurance men, from other county school systems, the State Department of Education or other state agencies.

Insurance Records

The operation of a program of risk management is greatly facilitated if an adequate system of records is maintained. In addition to records a filing system for contracts of insurance

should be devised which will provide ready access to all information pertaining to the particular insurance coverage.

Many counties have found that filing each contract of insurance in a separate folder proves convenient. They file the policy on the right side of the folder in such a manner as to permit easy attachment of any endorsement and file correspondence relating to that particular policy on the left side of the folder. At expiration, a new folder is prepared for the renewal policy. A brief identification of the policy is tabbed on the exterior of the folder.

The system of records or policy register provides a quick overview of the entire insurance program. It is desirable that the record of each policy provide the following information.

1. Subject of Insurance
   Buildings, automobiles, bonds, etc.

2. Amount of Insurance
   Limits of liability, etc.

3. Period of Coverage
   Inception and expiration dates

4. Policy Identification
   Name of company and policy number

5. Name of Agent

6. Record of Premium Payment
   Amount, voucher number, etc.

7. Premium Cost
   Deposit Premium - paid at policy inception
   Audit Premium - additional or return premium adjustment resulting from audits of payrolls, vehicles, etc.

8. Losses paid
   incurred

Needless to say simplicity in an insurance program promotes ease of management and maintenance of records. Minimizing the number of policies and minimizing the number of endorsements through use of audit type policies will do much to simplify an insurance program. The use of common expiration dates for all policies will also do much to reduce confusion.

CHAPTER IV

RECOMMENDATIONS

Organization of Program

1. It is recommended that the board adopt policies that will implement and integrate all facets of risk management and define the procedures for accomplishment. A sample of such policies appears in the Appendix.

2. Definitions should be developed of those risks of loss that are to be transferred and those to be assumed. These definitions should recognize responsibilities imposed by statutes and regulations. A copy of various exposures to loss and some of the available insurance coverages appears in the Appendix.

Buildings and Contents

1. A complete building survey should be conducted in order to provide adequate definition of location and use, as well as current estimated replacement cost. These values should be reviewed annually and corrected to reflect any changes in cost of construction prior to submission to the Florida Inspection and Rating Bureau for promulgation of the average rate. If actual cash value insurance is purchased, the factor of depreciation should be considered.

2. It is suggested that the feasibility of replacement cost (contemplates no factor of depreciation) be studied after values are made current. Estimates of additional cost can be readily determined from your agent by giving him the estimated replacement insurable value.

3. It is suggested that your buildings and contents insuror be required to inspect all properties and submit a written report of all hazardous conditions and recommendations for correction.

4. The exceptional loss record of Clay County gives rise to the suggestion that your agent provide premium savings quotations for various levels of deductibles after the building values have been made current.

5. In view of the increased rate of acquisition of visual aid equipment, teaching aid material, etc., through the use of federal funds and other sources, it is recommended that contents values be reviewed and adjusted, if necessary, on an annual basis. Adequate property records will prove invaluable for this purpose.

Insurance Rate Application

1. It is recommended that your insurance carrier be required to provide the following information:

   A. A description of any condition causing a penalty in your building and contents rate and the proper method of correction as well as the amount of the penalty and the approximate cost of correction.

   B. A description of any condition existing but not reflected in your rate as well as the increase in premium if properly rated.

   C. A reviewal of proposed building plans in order to suggest changes to produce as low an insurance rate as feasible.

Floater Policies

1. It is recommended that you request a return of premium for the duplication of coverage on musical instruments unless adequate extenuating circumstances existed.

2. Require the band master to provide an annual inventory of all musical instruments with their current values.

3. Request your insurance agent to provide estimates of premium saving for the inclusion of a nominal deductible, as well as for the elimination from the policy of all instruments below a certain value.

4. Determine whether the increased cost for insuring the band uniforms on an "all risk" basis would justify insuring on this basis.

5. It is recommended that complete schedules of property insured under your "Photographic Equipment" and "Business Machines" policies be attached to these policies.

6. It is recommended that the policies be clarified to definitely include or exclude flood.

7. If the property insured under either of these two policies is not subject to being transported away from school premises frequently, it is suggested that this property be insured as contents and that burglary insurance be obtained for that property which is particularly subject to this peril.

Boiler and Machinery Insurance

1. It is suggested that you have your agent reflect what uniform credits were given as a result of packaging with fire and extended coverage.

2. The schedule of the locations of objects should be made consistent with the existing locations under operation by the Board, and each location be identified by actual name and address of location.

3. Request the insuror and/or agent to indicate what form of coverage was issued - broad or limited.

4. The type and extent of engineering services desired should be defined and agreed upon by the Board and the insuror.

5. It is suggested that you require your insuror to provide you with information regarding the application and amount of seasonal credit allowed in your policy.

6. Determination should be made as to bodily injury and third party property damage coverage being applicable to furnace explosion.

Builder's Risks

It is suggested that future builder's risk policies be written designating the Board of Public Instruction and naming the prime contractor as insureds and removing the sub-contractors from said designation.

Vehicle Insurance

1. Consideration should be given to discontinuing the endorsement for repair and testing of vehicles by purchasing either annual coverage on at least four (4) buses or full implementation of the "fleet automatic" endorsement of the existing policy.

2. In order to reduce premium costs, it is suggested that you establish a system of records reflecting the actual usage of vehicles for use in computing premiums.

3. Determine that proper premium credit is obtained with respect to liability coverages for all owned units while they are out of service. This is particularly true of spare buses that are used as replacements of route buses only.

4. Determine from past losses whether wind represents a catastrophic hazard to school buses while stored together during summer vacation. If so, this peril can be covered by the addition of combined additional coverage to your existing policy.

5. It is suggested that the "per person" limit of bodily injury liability be uniform on all owned vehicles, as well as hired cars and employers non-ownership. It is sometimes necessary to exceed these limits in loaned driver training cars to satisfy the owners needs.

Employee Insurance

1. It is suggested that the Board look into the possibility of providing one hospitalization and surgical contract with master (major) medical endorsement thus removing the variety of contracts now offered.

2. With the acceptance of a one policy concept, the specialty coverage of cancer may prove duplication of coverage.

3. A copy of the insurance contract should be provided the Board by Professional Insurance Company and the American Family Life Insurance Company and Blue Cross - Blue Shield of Florida.

4. In view of the rising cost of hospitalization, surgical care and major medical insurance, it is recommended that judicious use of this facility be encouraged through the application of a hospitalization deductible or employee contribution through reduced daily benefits.

5. It is recommended that a full record of losses be required annually of this carrier, as well as copies of rate computations.

Employee Fidelity Insurance

1. Request that your present bond carrier provide you with a copy of the bond and the related rating information. There are only certain classes of positions that are chargeable and it would be well to determine the accuracy of this information.

Employee Fidelity Insurance (Continued)

2. It is suggested that consideration be given to the use of bond applications for all employment applicants as an additional screening facility.

Workmen's Compensation Insurance

1. In looking at future workmen's compensation insurance carriers, the prime consideration should be the effectiveness of the loss prevention services offered. There appears to be an immediate need for a loss prevention program for the cafeteria and custodial employees.

2. In the reporting of payrolls, do not report any excess over $100 per week for the period worked for any employee.

3. Pre-employment physical examinations provide an excellent screening of potentially poor risks. It is suggested that the Board follow the State Board of Education Regulations 130-2.72 regarding custodians, and adopt any supplementary policies that may be necessary to accomplish this.

4. It is suggested that you keep your insuror informed of all student employment activities.

Insurance Purchasing

1. It is recommended that the Board adopt necessary policies to provide uniform methods of purchasing insurance that will provide the protection desired, yet retain the element of competition. Consideration should be given to "surveying the insurance market", in that it provides competition yet permits flexibility and promotes imagination in designing suitable insurance coverages.

Insurance Records

1. To promote simplicity and ease of management of the insurance program, it is suggested that all policies have a common anniversary or inception date.

2. It is recommended that a filing system be devised for contracts of insurance, whereby endorsements may easily be added or information readily obtained.

3. It is recommended that a policy register be implemented that will contain all pertinent information. It may prove desirable to require the agents involved to periodically examine the register to determine that it is accurate and current.

APPENDIX A

INSURANCE GUIDE

FOR

BOARDS OF PUBLIC INSTRUCTION

The following list has been compiled in an effort to provide boards of public instruction with a guide to the various insurance protections that are generally available for school properties, vehicles, pupils and employees. The insurance coverages that are required by statute have been identified by *. The order of coverage designation does not indicate the priority of exposures to loss since there may be local conditions that will alter the chance of loss from a particular peril or perils.

Perils have been grouped in the same order as the policy coverages. For example an exterior television antenna may present more risk of loss from wind than any other peril. Wind being one of the perils included in the extended coverage endorsement that is attached to a fire policy, the following table indicates fire and extended coverage insurance as being desirable for an exterior television antenna.

<u>Insurance Coverages Real and Personal Property Other than Vehicles</u>

1. Fire and Lightning
2. Extended Coverage
   - Wind
   - Hail
   - Explosion
   - Riot, Riot Attending a Strike and Civil Commotion
   - Aircraft
   - Vehicle
   - Smoke
3. Vandalism and Malicious Mischief
4. Crime
   - Theft
   - Burglary
   - Robbery
5. Inland Marine (includes perils of transportation)
   - All risk (Generally includes all of 1,2,3 & 4 above)
   - Specified Peril
6. Explosion
   - Boiler
   - Fire Box

Property Items

The following list of property items is not intended to be complete, but rather it is an attempt to illustrate suggested coverages for classes of property items.

Item	Insurance Coverages
Athletic Equipment & Supplies	1,2,3 and 4 or 5
Audio Visual Equipment	1,2,3 and 4 or 5
Books and Printed Matter	1,2,3
Buildings	1*,2,3
Band Instruments and Uniforms	5
Business Machines	1,2,3,4
Contents, Furniture, etc.	1*,2,3
Safe or Vault	1,2,3,4
Boiler and Machinery	6*
Money and Valuables	1,2,3,4
Tools	1,2,3
Laboratory Equipment	1,2,3, or 5, if particularly subject to breakage.

Insurance Coverages

Vehicles

1. Bodily Injury
2. Property Damage
3. Medical Payments
4. Uninsured Motorist
5. Hired Car
   Bodily Injury Only
6. Employers Non-ownership
   Bodily Injury Only
7. Collision
8. Comprehensive
9. Fire
   Theft
   Combined Additional Coverages
   - Windstorm
   - Hail
   - Earthquake
   - Riot
   - Aircraft
   - Explosion
   - Flood or Rising Water

Vehicles

Vehicle	Insurance Coverage
School Buses	1*,2,3,7,8, or 9
Other Pupil Transportation	
Passenger Cars	1*,2,3,7,8 or 9
Boats	1*
Employees Who May Transport Children	6*
Parents Reimbursed In Lieu of Transportation	5*
Maintenance Vehicles	1,2,7,8 or 9
Tractors, Agricultural	1*,2,3,8 or 9

Miscellaneous Exposures and Insurance Coverages

Employee Fidelity *All employees responsible for monies or property shall be bonded. These are the bond forms that are available	1. Blanket Position Honesty Bond 2. Blanket Position Faithful Performance Bond 3. Scheduled Position Honesty Bond 4. Scheduled Position Faithful Performance Bond 5. Named Scheduled Honesty Bond 6. Named Scheduled Faithful Performance Bond 7. Individual Honesty Bond 8. Individual Faithful Performance Bond
Employees Personal Insurance	1. Medical (Hospital and Surgical) 2. Life 3. Disability Income Protection 4. Tax Sheltered Annuities
Employee Service Connected Accident and Sickness	* Workmen's Compensation
Student Accident	1. School Day - 10 month 2. 24 hours - 12 month 3. Athletic Injury

APPENDIX B

SUGGESTED BOARD OF PUBLIC INSTRUCTION

POLICIES FOR ESTABLISHING AND MAINTAINING

A PROGRAM OF RISK MANAGEMENT

In recognition of the responsibilities imposed by statute and regulation on this board for the protection of loss from physical damage to property, infidelity of employees and damage to person or property of third parties, the following is hereby adopted and made a matter of board records.

1. All reasonable effort shall be made to eliminate or reduce exposure to or possibility of loss. These efforts shall give consideration to housekeeping practices, early notification and correction of hazardous conditions, and adequate instructions to all school personnel relative to hazardous acts and safe practices.

2. Where exposures to loss cannot feasibly be eliminated or reduced adequate physical protection from such perils shall be provided. Examples of such protection are, but not limited to: Fire extinguishers, protected pupil evacuation facilities, exit lights, fire alarm systems, shop safety equipment, etc. All such protective equipment shall be maintained in operable and usable condition at all times.

3. Where the exposure to loss continues to exist and it is determined to be feasible this board of public instruction shall assume such risk of loss. Feasibility of the assumption of risk of loss shall be determined by a study of the frequency and severity of loss, and the effect of assuming the loss as opposed to the transfer of loss.

4. All risks of loss that are impractical for the board to assume shall be transferred to professional risk carriers. These risks of loss shall include those specifically required by statute to be transferred.

In transferring these risks of loss the following procedures shall be observed:

(a) The perils involved and the protection needed shall be defined.

(b) Specifications shall be drawn stipulating the perils to be insured against, the amount of indemnity, and other pertinent factors.

(c) In order to survey the available insurance market, these specifications should be distributed to all interested insurance agents within the county and they shall be invited to submit quotations and proposals they feel will meet the indicated needs. When the board deems the response to be inadequate, it may invite agents from without the county to submit their proposals and quotations.

(d) The board shall require an impartial evaluation of the submission and if deemed necessary call upon the services of unbiased parties for this purpose.

(e) The board may then transfer the risk of loss to the risk carrier which, in the board's opinion, provides facilities best suited to its needs.

END

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EDUCATION AND
WELFARE

U.S. OFFICE OF
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